

HOUSE BILL No. 1254

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10-5.5; IC 6-6-11-12.

Synopsis: Excise, gaming, and conservation officers' fund. Allows a participant in the state excise police, gaming agent, and conservation enforcement officers' retirement plan to receive creditable service for the time a participant receives benefits under the state's long term disability plan. Allows a participant to purchase service credit for service earned in the public employees' retirement fund, the Indiana state teachers' retirement fund, the state police pension trust, or the 1977 police officers' and firefighters' pension and disability fund. Increases the participant contribution from 3% of the first \$8,500 to 4% of the participant's annual salary. Authorizes an employer to pay all or a part of the participant's contribution. Increases from 1% to 1 2/3% the percentage of average salary used in computing a participant's annual retirement allowance for years of service greater than 25. Allows a participant who is at least 50 years of age and has at least 25 years of creditable service to retire with a normal (unreduced) benefit. Provides that a participant receiving a line of duty disability benefit is entitled: (1) to receive a disability benefit for the remainder of the participant's life; and (2) to have the benefit recomputed as a normal benefit when the participant becomes 60 years of age. Increases from \$5 to \$10 the department of natural resources annual fee for each boat required to have boat excise decals. (The introduced version of this bill was prepared by the pension management oversight commission.)

Effective: July 1, 2007.

Kuzman, Buell

January 11, 2007, read first time and referred to Committee on Public Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1254

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-5.5-7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. **(a)** Upon election to
3 become a participant by any officer who is a member of the public
4 employees' retirement fund, the board shall transfer all creditable
5 service standing to the credit of the electing officer under the public
6 employees' retirement fund to the credit of the electing officer under
7 the retirement plan created by this chapter.

8 **(b)** Creditable service under this chapter, including credit for
9 military service, shall accrue and be computed and credited to
10 participants in the same manner and in the same amount as creditable
11 service accrues, is computed and credited under the public employees'
12 retirement law.

13 **(c) In addition to creditable service computed under subsection**
14 **(b), a participant is entitled to receive creditable service under this**
15 **chapter for the time the participant receives disability benefits**
16 **under a disability plan established under IC 5-10-8-7.**

17 SECTION 2. IC 5-10-5.5-7.5 IS ADDED TO THE INDIANA



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CODE AS A NEW SECTION TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2007]: **Sec. 7.5. (a) As used in this section, "board" refers to the board of trustees of the public employees' retirement fund established by IC 5-10.3-3-1.**

(b) As used in this section, "public retirement fund" refers collectively to:

- (1) the public employees' retirement fund (IC 5-10.3);**
- (2) the Indiana state teachers' retirement fund (IC 5-10.4);**
- (3) the state police pension trust (IC 10-12); and**
- (4) the 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8).**

(c) Subject to this section, a participant may purchase service credit for the participant's prior service in a position covered by a public retirement fund.

(d) To purchase the service credit described in subsection (c), a participant must meet the following requirements:

- (1) The participant has at least one (1) year of creditable service in the retirement plan created by this chapter.**
- (2) The participant has not attained vested status in and is not an active participant in the public retirement fund from which the participant is purchasing the service credit.**
- (3) Before the participant retires, the participant makes contributions to the retirement plan created by this chapter as follows:**

(A) Contributions that are equal to the product of the following:

- (i) The participant's salary at the time the participant actually makes a contribution for the service credit.**
- (ii) A rate, determined by the actuary for the retirement plan created by this chapter, based on the age of the participant at the time the participant actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.**
- (iii) The number of years of service credit the participant intends to purchase.**

(B) Contributions for any accrued interest, at a rate determined by the actuary for the retirement plan created by this chapter, for the period from the participant's initial participation in the retirement plan created by this chapter to the date payment is made by the participant.

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(e) At the request of the participant purchasing service credit under this section, the amount a participant is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from a public retirement fund in which the participant has an account that contains amounts attributable to member contributions (plus any credited earnings) to the retirement plan created by this chapter. The participant may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The participant shall complete any forms required by the public retirement fund from which the participant is requesting a transfer or the retirement plan created by this chapter before the transfer is made.

(f) At least ten (10) years of service in the retirement plan created by this chapter is required before a participant may receive a benefit based on service credit purchased under this section.

(g) A participant who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive an annual retirement allowance; or

(2) receives an annual retirement allowance for the same service from another tax supported governmental retirement plan other than under the federal Social Security Act; may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the retirement plan created by this chapter.

(h) The following may apply to the purchase of service credit under this section:

(1) The board may allow a participant to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A participant may not claim the service credit for purposes of determining eligibility for a benefit or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing

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permissive service credit under this chapter, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 3. IC 5-10-5.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) **Except as provided in subsection (c),** every participant shall contribute ~~three~~ **four** percent ~~(3%)~~ **(4%)** of the ~~first eight thousand five hundred dollars (\$8,500) of his participant's~~ annual salary to the participants' savings fund.

(b) Contributions shall be made in the form of payroll deductions from each and every payment of salary received by the participant. Every participant shall, as a condition precedent to ~~his~~ becoming a participant, consent to the payroll deductions.

(c) An employer may pay all or a part of the contributions for the participant. All contributions made by an employer under this subsection shall be treated as pick-up contributions under Section 414(h)(2) of the Internal Revenue Code.

SECTION 4. IC 5-10-5.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Benefits provided under this section are subject to section 2.5 of this chapter.

(b) The annual retirement allowance of a participant, payable in equal monthly installments beginning on ~~his~~ **the participant's** normal retirement date, shall be a percentage of ~~his~~ **the participant's** average

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annual salary, such percentage to be twenty-five percent (25%) increased by one and two-thirds percent ($1\frac{2}{3}\%$) of ~~his~~ **the participant's** average annual salary for each completed year of creditable service more than ten (10) years. ~~and one percent (1%) of his average annual salary for each completed year of creditable service more than twenty-five (25) years.~~

(c) The annual retirement allowance shall cease with the last monthly payment prior to the death of the participant.

SECTION 5. IC 5-10-5.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) Any participant who has attained the age of forty-five (45) years and has accrued at least fifteen (15) years of creditable service may retire and become eligible for benefits as provided in section 12(a) of this chapter.

(b) If:

(1) a participant is at least fifty-five (55) years of age; and

(2) the sum of the participant's years of creditable service and age in years equals at least eighty-five (85);

the participant may retire and become eligible for benefits as provided in section 12(b) of this chapter.

(c) A participant who:

(1) is at least fifty (50) years of age; and

(2) has accrued at least twenty-five (25) years of creditable service;

may retire and become eligible for benefits under section 12(b) of this chapter.

SECTION 6. IC 5-10-5.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The amount of annual retirement allowance payable in equal monthly installments to a participant who retires under section 11(a) of this chapter (relating to early retirement) shall be determined in accordance with section 10(a) of this chapter (relating to normal retirement). However, the amount of annual retirement allowance otherwise payable upon early retirement shall be reduced by one-quarter percent ($1/4\%$) for each full month that the date of early retirement precedes the attainment of the participant's sixtieth birthday.

(b) The amount of annual retirement allowance payable in equal monthly installments to a participant who retires under section 11(b) **or 11(c)** of this chapter (relating to early retirement) shall be determined in accordance with section 10(a) of this chapter (relating to normal retirement).

SECTION 7. IC 5-10-5.5-13.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. (a) This section

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1 applies to participants whose disability occurred after June 30, 1987.

2 (b) Benefits provided under this section are subject to section 2.5 of
3 this chapter.

4 (c) As used in this section, a disability is to be considered to have
5 arisen in the line of duty if the disability is the direct result of:

6 (1) a personal injury that occurs while the participant is on duty;

7 or

8 (2) a personal injury that occurs while the participant is off duty
9 and responding to an offense or an emergency or a reported
10 offense or emergency;

11 or if the disability is presumed incurred in the line of duty under
12 IC 5-10-13.

13 (d) A participant whose disability arose in the line of duty is entitled
14 to a monthly benefit equal to the participant's monthly salary on the
15 date of disability multiplied by the degree of impairment (expressed as
16 a percentage impairment of the person as a whole). However, the
17 monthly benefit under this subsection must be at least:

18 (1) twenty percent (20%) of the participant's monthly salary on
19 the date of the disability if the participant has more than five (5)
20 years of service; or

21 (2) ten percent (10%) of the participant's monthly salary on the
22 date of the disability if the participant has five (5) or fewer years
23 of service.

24 (e) A participant whose disability did not arise in the line of duty is
25 entitled to a monthly benefit equal to one-half (1/2) of the participant's
26 monthly salary on the date of disability multiplied by the degree of
27 impairment (expressed as a percentage of the person as a whole).
28 However, the monthly benefit under this subsection must be at least:

29 (1) ten percent (10%) of the participant's monthly salary on the
30 date of the disability if the participant has more than five (5) years
31 of service; or

32 (2) five percent (5%) of the participant's monthly salary on the
33 date of the disability if the participant has five (5) or fewer years
34 of service.

35 **(f) A participant who is receiving a disability benefit under**
36 **subsection (d) is entitled:**

37 **(1) to receive a disability benefit for the remainder of the**
38 **participant's life; and**

39 **(2) to have the participant's benefit recomputed under section**
40 **10 of this chapter (relating to normal retirement) when the**
41 **participant becomes sixty (60) years of age.**

42 SECTION 8. IC 6-6-11-12 IS AMENDED TO READ AS

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FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) In addition to paying the boat excise tax, a boat owner shall complete a form and pay a department of natural resources fee for each boat required to have boat excise decals. The fee is ~~five~~ **ten** dollars (~~\$5~~) (**\$10**) for each boating year. However, the fee is waived for the boating year in which the registration fee prescribed by IC 9-29-15 is paid for that boat. The revenue from the fees collected under this chapter shall be transferred to the department of natural resources, as provided in section 29 of this chapter.

(b) In addition to the boat excise tax and the department of natural resources fee, a boat owner shall pay to the department of natural resources a lake and river enhancement fee for each boat required to have boat excise decals in the amount set forth in the following table:

| Value of the Boat | Amount of the Fee |
|--|-------------------|
| Less than \$1,000 | \$ 5 |
| At least \$1,000, but less than \$3,000 | \$10 |
| At least \$3,000, but less than \$5,000 | \$15 |
| At least \$5,000, but less than \$10,000 | \$20 |
| At least \$10,000 | \$25 |

(c) The revenue from the lake and river enhancement fee imposed under subsection (b) shall be deposited in the following manner:

(1) Two-thirds (2/3) of the money shall be deposited in the lake and river enhancement fund established by section 12.5 of this chapter.

(2) One-third (1/3) of the money shall be deposited in the conservation officers marine enforcement fund established by IC 14-9-8-21.5.

SECTION 9. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-7.5, as added by this act, and IC 5-10-5.5-8, as amended by this act, apply after June 30, 2007, to active participants in the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2.

SECTION 10. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-10, IC 5-10-5.5-11, and IC 5-10-5.5-12, all as amended by this act, apply to participants of the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2 who retire after June 30, 2007.

SECTION 11. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-7 and IC 5-10-5.5-13.5, both as amended by this act, apply to participants of the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2 who become disabled after June 30, 2007.

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